

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
THIRD SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: June 22, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

AG-3-9 Please provide the workpapers, calculations, formulas, assumptions, sub account entries and supporting documentation used to determine the "Bay State Portion" percentages for each type of coverage shown on Exhibit BSG/JES-1, Workpaper JES-6, page 17, Column (3).

Response: The actuarial firm, Milliman USA, Inc, develops the allocation methodology and calculations. The allocations were derived by assigning 20% weight to loss experience and 80% to exposure. The exposure basis is as follows:

- Primary & Excess Liability – revenue - see Attachment AG-3-9 (A), Page 1
- Workers Compensation – payroll - see Attachment AG-3-9 (A), Page 2
- Auto Liability – number of autos - see Attachment AG-3-9 (A), Page 3
- Primary and Excess Property – property value - see Attachment AG-3-9 (A), Page 4
- SIR Buyout Liability – number of claims incurred by each company see Attachment AG-3-9 (A), Page 5
- Crime – employees - see Attachment AG-3-9 (A), Page 6
- D&O and Fiduciary – historic corporate billing - see Attachment AG-3-9 (A), Page 7

Attachment AG-3-9 (A) consisting of 7 pages contains the support for the percentage allocation as outlined above. Each item above is cross referenced to the appropriate page of Attachment AG-3-9.

Attachment AG-3-9 (B) also enclosed is a revised BSG/JES-1, Workpaper JES-6, Page 17 correcting the allocation of Primary & Excess Liability Insurance. The allocation percentage included in the original filing was 7.60%. The percentage should have been 6.4%. The difference is a reduction in insurance cost of \$133,699. This amount will be corrected when Bay State receives its new insurance premium effective July 2005 for the period July 2005 through June 2006.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
SIXTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: June 22, 2005

Responsible: Danny G. Cote, General Manager

AG-6-6 Does the Company's leak classification system allow for the reclassification of a leak from one Type to another Type after the initial report? If "yes" explain in detail the criteria for leak reclassification. For each leak reclassified after initial reporting since 2000, provide a copy of the original initial leak report and the leak report after reclassification. Produce any orders, decisions, letters, directives and approvals used by the Company to develop its leak classification system, including orders, decisions, letters, directives and approvals permitting the Company to reclassify leaks.

Response: Yes. The Company classifies leaks according to its O&M procedure 14.05, which includes a provision to reclassify a leak if necessary. Please see Bay State's response to AG-6-1.

Bay State tracks the class of each leak using its Work Order Management System ("WOMS"). However, copies of the "initial" leak report and the leak report after reclassification for each leak are not readily available. WOMS was not designed to generate reports showing which leaks have been upgraded or downgraded. Certain leak history information can be derived manually from notes in the comments section of a work order on a case by case basis, but to provide this information would be unduly burdensome given the number of leak-related work orders the Company effectively manages each year.

A leak reclassification can be done only after a leak has been reevaluated.

No orders, letters, decisions, directives or approvals were granted or used by the Company to develop its leak classification system. The O&M leak classification procedure was first established 6/1/82 and revised 6/1/89, 3/15/95 and 5/15/97, respectively, and has been readily available for review by the Department's Pipeline Engineering and Safety Division during this time.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
SIXTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: June 22, 2005

Responsible: Danny G. Cote, General Manager

AG-6-9 Refer to Exh. BSG/DGC-3, and expand that schedule to include data in all columns and rows starting in 1995 and ending in 2004 by type of main. Recalculate all averages as 10-year averages.

Response: Attachment AG-6-9 provides an expanded schedule to include data in columns and rows from 1995 through 2004. However, in 2004, in response to the DOT amending both the RSPA F7100.1-1 report and instructions, the Company modified its Work Order Management System (WOMS) to better capture the causes of leaks repaired. The company now has 17 cause of leak sub-categories that are summed and merged at year-end into eight DOT cause of leak categories now found on the new DOT Form F7100.1-1. WOMS has 11 pipe type sub-categories that are summed and merged at year-end and reported on the DOT F7100.1-1 report. One of the goals of WOMS was to satisfy the DOT F7100.1-1 reporting requirements. Programs have been written and reports are generated to streamline the data collection efforts needed to complete the DOT form. Bay State is unable to produce all the information sought by the Attorney General, because in order to satisfy the pipe type specificity in this AG information request, Bay State would have to program the WOMS and run approximately 5,900 reports in order to provide the level of detail requested (18 leak sub-categories x 11 pipe types x 3 operating areas x 10 years).

**Bay State Gas
Main Leak History by Type
1995 through 2004{1}**

Line No.		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11] 10 Year Average
	Leak Category	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	
1	Corrosion	580	570	485	611	651	804	686	613	771	674	645
2	Third party	73	64	62	61	57	50	43	47	36	50	54
3	Outside Force	72	69	65	51	74	111	76	53	84	118	77
4	Construction Defect	3	3	1	11	3	2	2	1	5	0	3
5	Material Defect	39	11	30	18	33	18	40	61	97	44	39
6	Other	652	552	509	677	688	671	589	667	683	917	661
7	Total	1419	1269	1152	1429	1506	1656	1436	1442	1676	1803	1479

{1} Data source: Bay State Gas' U.S. Department of Transportation (DOT) Office of Pipeline Safety (DOT form RSPA F7100.1-1) annual distribution mains and leak-related data filings for the years 1995 through 2004.

Corrosion is the escape of gas resulting from a hole in the pipeline or component caused by galvanic, bacterial, chemical, stray current, or other corrosive action.

Third Party is an outside force damage directly attributed to the striking of gas pipeline facilities by earth moving equipment, other equipment, tools, vehicles, vandalism, etc. Damage is by personnel other than the operator or the contractor working for the operator.

Outside Force is damage resulting from earth movement, including earthquakes, washouts, land slides, frost, etc. Also included is damage by lightning, ice, snow, etc., and damage done by operator's personnel or operator's contractor.

Construction Defect is one resulting from failure of original sound material that is due to external force being applied during field construction which caused a dent, gouge, excessive stress, or other defect which resulted in subsequent failure. Also included are faulty wrinkle bends, faulty field welds, and damage sustained in transportation to the construction or fabrication site.

Material Defect is one resulting from a defect within the material of the pipe or component or the longitudinal weld/seam that is due to faulty manufacturing procedures.

Other would be the result of any other cause, such as equipment operating malfunction, failure of mechanical joints, or connections not attributable to any of the above.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
EIGHTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: June 22, 2005

Responsible: Danny G. Cote, General Manager

AG-8-1 Net Salvage - Regarding the replacement activities referenced at the bottom of page 24 and the top of page 25 of Mr. Cote's direct testimony associated with replacing pipe, please specifically identify which of the activities are considered cost of removal and which are considered cost of the replacement addition. Provide all support and justification for the categorization of each expense incurred including all workpapers, assumptions, considerations, and material reviewed and/or relied upon in sufficient detail to permit verification.

Response: During main replacement activities, the Company assigns all "cost of removal" related charges, including: (1) the main tie-over, (2) the abandonment of the old main, and (3) sealing the old main, to the main replacement authorization form or work order. The only "cost of removal" related activity that occurs where the Company would charge a retirement account is when a main not in use is being retired without being replaced.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
NINTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: June 22, 2005

Responsible: Joseph A. Ferro, Manager Regulatory Policy

AG-9-33 Refer to Exhibit BSG/JAF-3, p. 3-377. What is the Company's current policy regarding providing new service to customers with arrearage in another location?

Response: The Company will provide service at a new location when the customer has an arrearage from another location if the customer makes a reasonable down payment on the arrearage and agrees to accept a reasonable payment arrangement on the remaining outstanding balance. Typically the arrangement will be calculated as a flat amount to be paid by a certain date each month in addition to the amount of the current bill at the new location. However, a second option is also available to the customer to pay a levelized amount each month that encompasses the past due balance and projected current billings for an agreed upon number of months. The customer will be asked to sign a Cromwell Waiver because a balance from the prior account will be transferred to the new account.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
ELEVENTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: June 22, 2005

Responsible: Stephen H. Bryant, President

AG-11-2 Referring to the Company's 2004 Annual Return to the Department,
please indicate the date on which it was filed with the Department.

Response: The Company's 2004 Annual Return to the Department was filed on
March 31, 2005.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
ELEVENTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: June 22, 2005

Responsible: Stephen H. Bryant, President

AG-11-3 Referring to the Company's 2004 Annual Return to the Department and the last page of the original report – the unnumbered page, after page 80C, please indicate the reasons that the Controller did not sign the return and have it notarized. Please also provide a complete copy of the signed and notarized Return to the Department for 2004, if one was filed.

Response: The Company's response to AG-01-02 contained a signed and notarized copy of the Company's 2004 Annual Return to the Department.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
ELEVENTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: June 22, 2005

Responsible: Stephen H. Bryant, President

AG-11-4 Referring to the Company's 2004 Annual Return to the Department, page R1, please indicate the reasons that the Controller did not sign this page of the return.

Response: Please see Bay State's response to AG-11-3.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
ELEVENTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: June 22, 2005

Responsible: John Skirtich, Consultant (Revenue Requirements)

AG-11-9 Referring to the Company's 2004 Annual Return to the Department, page 19, please provide the workpapers, calculations, formulas, assumptions, and other supporting documentation to show the test year and pro forma amounts of property taxes allocated and / or assigned to each of the "non-utility properties" indicated on that page.

Response: Please refer to the information below and supporting attachments for the property taxes related to the non-utility properties. Also, please refer to the response provided to DTE-1-5.

Bay State Gas Company
Non-Utility Property Taxes

Line No.	<u>Address</u>	Description <u>MAP</u>	<u>Acres</u>	Fiscal 2005 <u>Property Taxes</u>
1	<u>Belmont Street, Brockton</u>			
2	Belmont Street, Brockton	009-186R	3.97	\$4,440.93
3	Torrey Street, Brockton	009-001	5.97	7,326.29
4	Meadow Lane (1)	NA	NA	<u>0.00</u>
5				11,767.22
6	<u>Canton Street, Sharon</u>			
7	24 Canton Street	120-013-000	1.93	2,838.68
8	20 Canton Street	120-012-000	3.00	3,447.85
9	40 Canton Street	120-014-000	0.84	<u>4,483.92</u>
10				\$10,770.45
11	Total			<u>\$22,537.67</u>

(1) The item; Land Meadow Lane, Brockton was listed in error as Non-Utility Property on the 2004 Annual Report and will be corrected.



THE COMMONWEALTH OF MASSACHUSETTS
CITY OF BROCKTON - OFFICE OF THE COLLECTOR OF TAXES
ALL PAYMENTS MUST BE MADE TO THE CITY OF BROCKTON
BILLS PAYABLE AT TAX COLLECTOR'S OFFICE WEEKDAYS 8:30 A.M. TO 4:30 P.M.
45 SCHOOL STREET, BROCKTON, MA 02301-4059

BILL DATE	BILL NUMBER
04/01/05	2914

**FISCAL YEAR 2005
REAL ESTATE TAX BILL**

Based upon assessments as of January 1, 2004 your REAL ESTATE TAX for the fiscal year commencing July 1, 2004 and ending June 30, 2005 upon the following described parcel of REAL ESTATE is as follows:

FOURTH QUARTER
TREASURER/COLLECTOR
JAMES F. MARTELLI JR.

PROPERTY DESCRIPTION AND LOCATION		
LOCATION:	BELMONT ST	
PARCEL ID:	009-186R	CLASS: 440

BROCKTON TAUNTON GAS CO
C/O BAY STATE GAS
ATTN PAUL FRANCOISE
300 FRIBERG PKWY
WESTBOROUGH, MA 01581

SEE REVERSE SIDE FOR
IMPORTANT INFORMATION

INTEREST AT THE RATE OF 14%
PER ANNUM WILL ACCRUE ON
OVERDUE PAYMENTS FROM
THE FIRST DAY THE PAYMENT
IS OVERDUE UNTIL PAYMENT
IS MADE.

TAX	RATE	PER \$1000
RESIDENTIAL		10.620
OPEN SPACE		10.620
COMMERCIAL		21.400
INDUSTRIAL		21.400

TAXPAYER'S COPY - THIS TOP PORTION TO BE RETAINED AS YOUR RECEIPT.
IF PAYING IN PERSON, PLEASE BRING THIS COPY WITH YOU.

LAND	
	3.97AC
SPECIAL ASSESSMENTS BETTERMENTS AND LIENS	
TAX	
TAXCOM	4,440.93
TOTAL	.00
TOTAL PRELIMINARY TAX	1,756.06
PAYMENT MADE	1,756.06
PRELIMINARY BALANCE	.00

FISCAL YEAR 2005 TAX	4,440.93
SPECIAL ASSESSMENTS	.00
EXEMPTION	.00
LESS PRELIMINARY TAX	1,756.06
NET 2ND HALF TAX	2,684.87
3RD QUARTER TAX	1,342.44
4TH QUARTER TAX	1,342.43
DUE BY 02/01/05	05/02/05
TOTAL PRELIMINARY TAX	1,756.06
THIRD QUARTER TAX	1,342.44
FOURTH QUARTER TAX	1,342.43
FEES	
INTEREST TO BILL DATE	
PAYMENTS MADE	3,098.50
AMOUNT DUE NOW	1,342.43

INQUIRIES: Questions regarding the Real Estate Bill information, i.e., address, owners name and valuation should be directed to the office of the Board of Assessor's (508)-580-7194. If you have any questions on payments, you should contact the Collector's Office at (508)-580-7130. Office hours: Monday - Friday, 8:30 A.M. to 4:30 P.M.

YOUR CANCELLED CHECK IS YOUR RECEIPT.

PLEASE USE ENCLOSED ENVELOPE FOR PAYMENT



THE COMMONWEALTH OF MASSACHUSETTS
CITY OF BROCKTON - OFFICE OF THE COLLECTOR OF TAXES
ALL PAYMENTS MUST BE MADE TO THE CITY OF BROCKTON
BILLS PAYABLE AT TAX COLLECTOR'S OFFICE WEEKDAYS 8:30 A.M. TO 4:30 P.M.
45 SCHOOL STREET, BROCKTON, MA 02301-4059

BILL DATE	BILL NUMBER
04/01/05	2920

FISCAL YEAR 2005
REAL ESTATE TAX BILL

Based upon assessments as of January 1, 2004 your REAL ESTATE TAX for the fiscal year commencing July 1, 2004 and ending June 30, 2005 upon the following described parcel of REAL ESTATE is as follows:

FOURTH QUARTER
TREASURER/COLLECTOR
JAMES F. MARTELLI JR.

PROPERTY DESCRIPTION AND LOCATION		
LOCATION:	TORREY ST	
PARCEL ID:	009-001	CLASS: 440

BROCKTON TAUNTON GAS COMPANY
C/O BAY STATE GAS CO
ATTN PAUL FRANCIOSSE
300 FRIBERG PKWY
WESTBOROUGH, MA 01581

SEE REVERSE SIDE FOR
IMPORTANT INFORMATION

INTEREST AT THE RATE OF 14%
PER ANNUM WILL ACCRUE ON
OVERDUE PAYMENTS FROM
THE FIRST DAY THE PAYMENT
IS OVERDUE UNTIL PAYMENT
IS MADE.

TAX	RATE	PER \$1000
RESIDENTIAL		10.620
OPEN SPACE		10.620
COMMERCIAL		21.400
INDUSTRIAL		21.400

TAXPAYER'S COPY - THIS TOP PORTION TO BE RETAINED AS YOUR RECEIPT.
IF PAYING IN PERSON, PLEASE BRING THIS COPY WITH YOU.

LAND	
	5.97AC
SPECIAL ASSESSMENTS BETTERMENTS AND LIENS	
TAX	
TAXCOM	7,326.29
TOTAL	.00
TOTAL PRELIMINARY TAX	2,901.91
PAYMENT MADE	2,901.91
PRELIMINARY BALANCE	.00

FISCAL YEAR 2005 TAX	7,326.29
SPECIAL ASSESSMENTS	.00
EXEMPTION	.00
LESS PRELIMINARY TAX	2,901.91
NET 2ND HALF TAX	4,424.38
3RD QUARTER TAX	2,212.19
4TH QUARTER TAX	2,212.19
DUE BY	02/01/05 05/02/05
TOTAL PRELIMINARY TAX	2,901.91
THIRD QUARTER TAX	2,212.19
FOURTH QUARTER TAX	2,212.19
FEES	
INTEREST TO BILL DATE	
PAYMENTS MADE	5,114.10
AMOUNT DUE NOW	2,212.19

INQUIRIES: Questions regarding the Real Estate Bill information, i.e., address, owners name and valuation should be directed to the office of the Board of Assessor's (508)-580-7194. If you have any questions on payments, you should contact the Collector's Office at (508)-580-7130. Office hours: Monday - Friday, 8:30 A.M. to 4:30 P.M.

YOUR CANCELLED CHECK IS YOUR RECEIPT.

PLEASE USE ENCLOSED ENVELOPE FOR PAYMENT

FISCAL YEAR 2005
REAL ESTATE TAX BILL
FOURTH QUARTER
TREASURER/COLLECTOR
JAMES F. MARTELLI JR.

THE COMMONWEALTH OF MASSACHUSETTS
CITY OF BROCKTON - OFFICE OF THE COLLECTOR OF TAXES
45 SCHOOL STREET, BROCKTON, MA 02301-4059

THIS BILL IS DUE
05/02/05

BILL DATE	BILL NUMBER
04/01/05	2920

MAKE CHECKS PAYABLE TO: CITY OF BROCKTON
Please return this portion of the bill with your payment.

BROCKTON TAUNTON GAS COMPANY
C/O BAY STATE GAS CO
ATTN PAUL FRANCIOSSE
300 FRIBERG PKWY
WESTBOROUGH, MA 01581

PROPERTY DESCRIPTION AND LOCATION		
LOCATION:	TORREY ST	
PARCEL ID:	009-001	CLASS: 440

TOTAL PRELIMINARY TAX	2,901.91
THIRD QUARTER TAX	2,212.19
FOURTH QUARTER TAX	2,212.19
FEES	
INTEREST TO BILL DATE	
PAYMENTS MADE	5,114.10
AMOUNT DUE NOW	2,212.19

Please write your Bill Number on your check.

AMOUNT
ENCLOSED

04482082005700002920700002212199

THE COMMONWEALTH OF MASSACHUSETTS

120-013-000

Monday thru Wednesday 8:30 am - 5:00 pm
Thursday 8:30 am - 8:00 pm
Friday 8:30 am - 12:30 pm

Town of Sharon
P.O. Box 335
Sharon, MA 02067

FISCAL YEAR 2005 REAL ESTATE TAX
Your fiscal year 2005 Real Estate Tax on
the parcel described below that is payable
by May 2, 2005 is as follows:

BAY STATE GAS CO
C/O PAUL FRANCIOS
300 FRIBERG PKY
WESTBOROUGH, MA 01581

SPECIAL ASSESSMENTS	
Amount	Interest
TOTAL ASSESSMENTS	
Land Value	\$182,200
Building Value	\$0
Total Taxable Value	\$182,200

Parcel ID	120-013-000
Bill No.	300
Real Estate Tax	\$2,838.68
Abate / Exempt	\$0.00
Net Tax	\$2,838.68
1st Half Tax	\$1,419.34
Special Assessments	\$0.00
Payments	(\$1,419.34)
Past Due	\$0.00
Interest Thru 05/02/05	\$0.00
2nd Half Tax	\$1,419.34
Amount Due 05/02/05	\$1,419.34

Interest at the rate of 14% per annum will accrue on overdue payments from the bill issue date until payment is made

INQUIRIES: If you have questions on your valuation or assessments or on abatements or exemptions, you should contact the Board of Assessors (781) 784-1507. If you have questions on payment, you should contact the Collector's Office (781) 784-1500.

FISCAL YEAR 2005 REAL ESTATE TAX
Your fiscal year 2005 Real Estate Tax on
the parcel described below that is payable
by May 2, 2005 is as follows:

BAY STATE GAS CO
C/O PAUL FRANCIOS
300 FRIBERG PKY
WESTBOROUGH, MA 01581

SPECIAL ASSESSMENTS	
	Amount Interest
TOTAL ASSESSMENTS	
Land Value	\$182,200
Building Value	\$0
Total Taxable Value	\$182,200

Parcel ID	120-013-000
Bill No.	300
Real Estate Tax	\$2,838.68
Abate / Exempt	\$0.00
Net Tax	\$2,838.68
1st Half Tax	\$1,419.34
Special Assessments	\$0.00
Payments	(\$1,419.34)
Past Due	\$0.00
Interest Thru 05/02/05	\$0.00
2nd Half Tax	\$1,419.34
Amount Due 05/02/05	\$1,419.34

Interest at the rate of 14% per annum will accrue on overdue payments from the bill issue date until payment is made.

Interest at the rate of 14% per annum
will accrue on overdue payments from
the bill issue date until payment is made.

SEE REVERSE SIDE FOR IMPORTANT INFORMATION

THE COMMONWEALTH OF MASSACHUSETTS

000001-000020

Town of Sharon

Robert Uyttebroek
Tax Collector

120-012-000

BAY STATE GAS CO
300 FRIBERG PKY
WESTBOROUGH, MA 01581



Office Hours	
Monday thru Wednesday	8:30 am - 5:00 pm
Thursday	8:30 am - 8:00 pm
Friday	8:30 am - 12:30 pm

If you wish to pay this tax bill via
a debit from your checking or
savings account or through a
credit card, please contact
www.mcc.net for
bill payer service.

Make Checks Payable To	
Town of Sharon	
P.O. Box 335	
Sharon, MA 02067	

Payments made after 3/9/05 will not
be reflected on this bill.

FISCAL YEAR 2005 REAL ESTATE TAX
Your fiscal year 2005 Real Estate Tax on
the parcel described below that is payable
by May 2, 2005 is as follows:

PROPERTY DESCRIPTION				
20 CANTON ST				
Class Code	1300			
Land Area	3 AC			
Parcel ID	120-012-000			
Deed Date	12/01/1967			
Book/Page	4478/381			
Tax Rate Per \$1,000				
1-Res	2-Open Sp	3-Comm	4-Indust	
\$15.58	\$15.58	\$15.58	\$15.58	

BAY STATE GAS CO
300 FRIBERG PKY
WESTBOROUGH, MA 01581

Town of Sharon Fiscal Year 2005 Real Estate Tax 2ND HALF BILL

SPECIAL ASSESSMENTS	
Amount	Interest
TOTAL ASSESSMENTS	
Land Value	\$221,300
Building Value	\$0
Total Taxable Value	\$221,300

Keep this portion for your receipt

Parcel ID	120-012-000
Bill No.	299
Real Estate Tax	\$3,447.85
Abate / Exempt	\$0.00
Net Tax	\$3,447.85
1st Half Tax	\$1,723.93
Special Assessments	\$0.00
Payments	(\$1,723.93)
Past Due	\$0.00
Interest Thru 05/02/05	\$0.00
2nd Half Tax	\$1,723.92
Amount Due 05/02/05	\$1,723.92

Interest at the rate of 14% per annum will accrue on over-
due payments from the bill issue date until payment is made.

INQUIRIES: If you have questions on your valuation or assessments or on abatements or
exemptions, you should contact the Board of Assessors (781) 784-1507. If you have questions
payment, you should contact the Collector's Office (781) 784-1500.

FISCAL YEAR 2005 REAL ESTATE TAX
Your fiscal year 2005 Real Estate Tax on
the parcel described below that is payable
by May 2, 2005 is as follows:

PROPERTY DESCRIPTION				
20 CANTON ST				
Class Code	1300			
Land Area	3 AC			
Parcel ID	120-012-000			
Deed Date	12/01/1967			
Book/Page	4478/381			
Tax Rate Per \$1,000				
1-Res	2-Open Sp	3-Comm	4-Indust	
\$15.58	\$15.58	\$15.58	\$15.58	

BAY STATE GAS CO
300 FRIBERG PKY
WESTBOROUGH, MA 01581

Town of Sharon Fiscal Year 2005 Real Estate Tax 2ND HALF BILL

SPECIAL ASSESSMENTS	
Amount	Interest
TOTAL ASSESSMENTS	
Land Value	\$221,300
Building Value	\$0
Total Taxable Value	\$221,300

Return this portion with your payment

Parcel ID	120-012-000
Bill No.	299
Real Estate Tax	\$3,447.85
Abate / Exempt	\$0.00
Net Tax	\$3,447.85
1st Half Tax	\$1,723.93
Special Assessments	\$0.00
Payments	(\$1,723.93)
Past Due	\$0.00
Interest Thru 05/02/05	\$0.00
2nd Half Tax	\$1,723.92
Amount Due 05/02/05	\$1,723.92

Interest at the rate of 14% per annum will accrue on over-
due payments from the bill issue date until payment is made.

Interest at the rate of 14% per annum
will accrue on overdue payments from
the bill issue date until payment is made.

SEE REVERSE SIDE FOR IMPORTANT INFORMATION

THE COMMONWEALTH OF MASSACHUSETTS

000001-000020

Town of Sharon

Robert Uyttebroek
Tax Collector

120-012-000

BAY STATE GAS CO
300 FRIBERG PKY
WESTBOROUGH, MA 01581



Office Hours
Monday thru Wednesday 8:30 am - 5:00 pm
Thursday 8:30 am - 8:00 pm
Friday 8:30 am - 12:30 pm

If you wish to pay this tax bill via
a debit from your checking or
savings account or through a
credit card, please contact
www.mcc.net for
bill payer service.

Make Checks Payable To
Town of Sharon P.O. Box 335 Sharon, MA 02067

Payments made after 3/9/05 will not
be reflected on this bill.

FISCAL YEAR 2005 REAL ESTATE TAX
Your fiscal year 2005 Real Estate Tax on
the parcel described below that is payable
by May 2, 2005 is as follows:

PROPERTY DESCRIPTION				
20 CANTON ST				
Class Code	1300			
Land Area	3 AC			
Parcel ID	120-012-000			
Deed Date	12/01/1967			
Book/Page	4478/381			
Tax Rate Per \$1,000				
1-Res	2-Open Sp	3-Comm	4-Indust	
\$15.58	\$15.58	\$15.58	\$15.58	

BAY STATE GAS CO
300 FRIBERG PKY
WESTBOROUGH, MA 01581

Town of Sharon Fiscal Year 2005 Real Estate Tax 2ND HALF BILL

SPECIAL ASSESSMENTS	
Amount	Interest
TOTAL ASSESSMENTS	
Land Value	\$221,300
Building Value	\$0
Total Taxable Value	\$221,300

Keep this portion for your receipt

Parcel ID	120-012-000
Bill No.	299
Real Estate Tax	\$3,447.85
Abate / Exempt	\$0.00
Net Tax	\$3,447.85
1st Half Tax	\$1,723.93
Special Assessments	\$0.00
Payments	(\$1,723.93)
Past Due	\$0.00
Interest Thru 05/02/05	\$0.00
2nd Half Tax	\$1,723.92
Amount Due 05/02/05	\$1,723.92

Interest at the rate of 14% per annum will accrue on over-
due payments from the bill issue date until payment is made.

INQUIRIES: If you have questions on your valuation or assessments or on abatements or
exemptions, you should contact the Board of Assessors (781) 784-1507. If you have questions
payment, you should contact the Collector's Office (781) 784-1500.

FISCAL YEAR 2005 REAL ESTATE TAX
Your fiscal year 2005 Real Estate Tax on
the parcel described below that is payable
by May 2, 2005 is as follows:

PROPERTY DESCRIPTION				
20 CANTON ST				
Class Code	1300			
Land Area	3 AC			
Parcel ID	120-012-000			
Deed Date	12/01/1967			
Book/Page	4478/381			
Tax Rate Per \$1,000				
1-Res	2-Open Sp	3-Comm	4-Indust	
\$15.58	\$15.58	\$15.58	\$15.58	

BAY STATE GAS CO
300 FRIBERG PKY
WESTBOROUGH, MA 01581

Town of Sharon Fiscal Year 2005 Real Estate Tax 2ND HALF BILL

SPECIAL ASSESSMENTS	
Amount	Interest
TOTAL ASSESSMENTS	
Land Value	\$221,300
Building Value	\$0
Total Taxable Value	\$221,300

Return this portion with your payment

Parcel ID	120-012-000
Bill No.	299
Real Estate Tax	\$3,447.85
Abate / Exempt	\$0.00
Net Tax	\$3,447.85
1st Half Tax	\$1,723.93
Special Assessments	\$0.00
Payments	(\$1,723.93)
Past Due	\$0.00
Interest Thru 05/02/05	\$0.00
2nd Half Tax	\$1,723.92
Amount Due 05/02/05	\$1,723.92

Interest at the rate of 14% per annum will accrue on over-
due payments from the bill issue date until payment is made.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
ELEVENTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: June 22, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

AG-11-16 Referring to the Company's 2004 Annual Return to the Department, page 46, line 35, please provide a complete and detailed description of the reasons for the 44 percent increase in the amount of mains and services operations expense during the last two years.

Response: Mains & Service costs have increased \$1.153 million (44%) over the two Years 2002 to 2004. The following explains the increase by activity.

- Locates were up \$297,000 due mainly to an 18% increase in volume of work.
- Odor Investigation up \$100,400 due mainly to a 22% increase in volume of work and overtime
- Mobile Leak Survey costs were up \$140,800 due mainly to outside unit cost increases.
- Fleet Allocations up \$164,600 driven by gasoline price increases and vehicle price/leasing cost increases.
- All Other Mains & Service cost up \$450,200 due to additional tooling for new employees, more clerical support, and more sick time.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
ELEVENTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: June 22, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

AG-11-17 Referring to the Company's 2004 Annual Return to the Department, page 46, line 36, please provide a complete and detailed description of the reasons for the 17 percent increase in the amount meter and house regulators operations expense during the test year.

Response: Meter & House Regulator costs increased \$819,400 (17%) in the year 2004. The following provides the major reasons for the increase.

- Massachusetts State Seal Costs up \$69,100
- Freight Expense Meter Shop \$130,500 reclassified charges from 689301 Meter Testing
- Unlock Meter cost up \$144,600
- Lock Meter cost up \$97,000
- Meter Scheduling costs up \$82,200
- Fleet Allocations up \$91,800 driven by gasoline price increases and vehicle price/leasing cost increases.
- All Other Meter & House cost up \$204,200 due to additional training for new employees and more Periodic Testing of Meters.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
ELEVENTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: June 22, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

AG-11-18 Referring to the Company's 2004 Annual Return to the Department, page 46, line 38, please provide a complete and detailed description of the reasons for the 64 percent increase in the amount of other expenses -- operations expense during the last two years.

Response: The \$228,000 (64%) increase in Other Expenses between 2002 and 2004 is mainly due to an increase in snow clearing and standby costs incurred in 2004 compared to lesser amounts in 2002 due to the mild winter.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
ELEVENTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: June 22, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

AG-11-20 Referring to the Company's 2004 Annual Return to the Department, page 46, line 12, please provide a complete and detailed description of the reasons for the 382 percent increase in the amount demonstrating and selling expense during the test year.

Response: The primary driver of the increase in demonstrating and selling expense during the test year was the increased focus on commercial sales activity and the hiring of Field Sales Representatives. Field Sales Representative salaries and expenses account for 55 percent of the total increase. The Company also purchased a prospect list for use by the Field Sales Representatives, accounting for another 7 percent of the increase. Ten percent of the increase was due to provide customer incentives for the conversion to natural gas.

In addition, the Company developed an "Installing Gas Service" package to assist residential conversion prospects with the connection process. The design and production of that package accounted for 15 percent of the increase.

Twelve percent of the increase was the result of contracts signed with the Randolph Housing Authority in 1967 and 1970. In exchange for converting to natural gas, the Company agreed to repair and/or replace natural gas heating, water heating and cooking equipment for up to 40 years. The Company had to replace 4 pieces of equipment in 2004.

The remainder of the increase is linked to a demonstrating and selling expense credit that was received in 2003.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
ELEVENTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: June 22, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

AG-11-21 Referring to the Company's 2003 Annual Return to the Department, page 49, line 6, please itemize and quantify the "Other" Taxes during 2003, provide a complete and detailed description of the nature of those taxes and the reasons they were negative for that year.

Response: At the time of the merger, Bay State recorded a potential federal excise tax liability of \$2M on payments to executives that might have been classified as a golden parachute payment by the IRS. In 2003, the audit of 1999 was completed and excise taxes were not assessed on the payments at issue. Therefore, the liability originally recorded was reversed as a reduction in taxes on the income statement. In December 2003 the entry was a credit to "other taxes" of (\$2,000.000) and a debit to Accrued Federal Payable of \$2,000,000.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
ELEVENTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: June 22, 2005

Responsible: John A. Skirtich, Consultant (Revenue Requirement)

AG-11-22 Referring to the Company's 2004 Annual Return to the Department, page 49, lines 6 and 14, please itemize and quantify the "Other" Taxes, provide a complete and detailed description of the nature of those taxes and the reasons that they are all assigned to gas business expense during 2004.

Response: "Other" Taxes on line 6 are payments for Pennsylvania Franchise Tax made in 2004 in the amount of \$12,791. The taxes are based on net worth and have been assigned to gas business expense because the sales of gas and storage of gas inventories in Pennsylvania produce the franchise tax liabilities in Pennsylvania.

"Other" Taxes on line 14 in the amount of \$36,284 reflect the adjustment of capitalized payroll taxes (FICA, Medicare, FUTA & SUTA) that have traditionally been reflected on line 14. These amounts should be included in lines 12 & 13.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
TWELFTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: June 22, 2005

Responsible: Steven A. Barkauskas, Vice President Total Rewards

AG-12-1 Please provide a copy of Mr. Barkauskas curriculum vitae.

Response: Please see Attachment AG-12-1.

STEVEN A. BARKAUSKAS, CPA

PROFESSIONAL PROFILE

- Highly-qualified, proficient and collaborative leader offering nearly 20 years of accounting and financial management experience mainly at public, Fortune 500 companies in the energy, technology and consulting industries.
- Results-focused and motivated achiever bringing together ingenuity, best practices, technology and partnering to achieve immediate impacts and longer-term objectives.
- Skillful in multi-tiered consolidation accounting; developing GAAP financial statements, Securities and Exchange Commission reporting; interpreting and implementing new financial accounting standards and developing and applying controls, policies and processes.
- Experienced in mergers and acquisitions, public equity and debt financing activities and financial and commodity derivatives transactions.

PROFESSIONAL EXPERIENCE

NiSource Inc. – Fortune 300 Utility Holding Company (NYSE NI) 2001 to Present

VICE PRESIDENT, TOTAL REWARDS (August 2003 to Present)

DIRECTOR, FINANCIAL REPORTING AND

ACCOUNTING RESEARCH (June 2001 to July 2003)

Recruited to head corporate accounting policy group for consolidated newly-merged entity and provide expertise in the areas of public company financial reporting and application of GAAP. Significantly improved accounting and reporting processes, including the development and implementation of initial reporting controls and procedures required under Sarbanes-Oxley. Eagerly accepted the challenge of a developmental role as the Vice President, Total Rewards directing the strategy, implementation and administration of all of NiSource's compensation and benefits plans.

Currently, responsible for strategy and administration for \$700 million per year of compensation and benefits affecting 20,000 employees and retirees. Lead a team of 16 employees and oversee the operations managed by those employees and thirteen outsourcing vendors and oversee the budget for entire Human Resources and Communications group.

Leapnet Inc. – Information Technology Consulting (Formerly NASDAQ LEAP) 1998 to 2001

DIRECTOR, FINANCE AND INFORMATION TECHNOLOGY (April 1998 to June 2001)

Joined SPR Inc., an information technology consulting firm, charged with improvement of accounting and reporting and development of policies and procedures for newly public entity after providing financial modeling assistance during initial public offering. Principal in the merger with Leapnet Inc., a website development and branding firm, and integration team for finance and information technology areas.

MidCon Corp. – Acquired by Kinder Morgan Inc. (NYSE KMI) 1988 to 1998

MANAGER, REVENUE ACCOUNTING (September 1994 to March 1998)

ASSET MANAGER, BUSINESS DEVELOPMENT (December 1992 to August 1994)

SUPERVISOR, INCOME/COST GROUP (January 1992 to November 1992)

SENIOR ACCOUNTING ANALYST (March 1988 to December 1991)

Hands-on management of a variety of groups within the accounting function charged with income analysis, cost center reporting, joint venture accounting, financial reporting and systems implementations. Took on a developmental role within business development and marketing as a

STEVEN A. BARKAUSKAS, CPA

member of a three-employee team charged with maximizing value from company-owned and third-party storage assets focusing on price arbitrage opportunities and operational support for term sales.

EDUCATION/CERTIFICATION/MEMBERSHIPS

University of Illinois at Chicago – BS Accounting

Certified Public Accountant since 1988

Member of American Institute of Certified Public Accountants

Member of the Illinois CPA Society

Chair of American Gas Association Accounting Principles Committee 2001 to 2003

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
TWELFTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: June 22, 2005

Responsible: Steven A. Barkauskas, Vice President Total Rewards
NiSource Corporate Services Company

AG-12-2 Referring to Exhibit BSG/SAB-1, page 4, lines 8-12, please provide
copies of NiSource's "total rewards" compensation philosophy.

Response: The NiSource "total rewards" compensation philosophy is fully described
in the direct testimony of Steven A. Barkauskas at p. 4, lines 8 through
12, Exh. BSG/SAB-1.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
TWELFTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: June 22, 2005

Responsible: Steven A. Barkauskas, Vice President Total Rewards
NiSource Corporate Services Company

AG-12-13 Referring to Exhibit BSG/SAB-1, page 18, lines 10-12, please indicate the effect that unions would have been burdened with had they not had collective bargaining agreements during that period.

Response: The indication that the "unions were somewhat isolated from the short-term impacts of the overall labor markets" is a conclusion that can be reached given the longer-term nature of the collective bargaining agreements that determine the union employees' pay increases over a range of years. Those increases would not be as susceptible to short-term swings in labor demand as would increases for job market participants not covered by labor agreements.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
THIRTEENTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY
GENERAL
D. T. E. 05-27

Date: June 22, 2005

Responsible: Lawrence Kaufmann, Consultant (PBR)

AG-13-1 Please provide complete copies of the testimony and exhibits that Mr. Kaufmann has prepared as an expert witness regarding price cap formulas and / or business productivity in the last five years.

Response: I have testified on price cap formulas and/or business productivity on behalf of Boston Gas in D.T.E. 03-40 (Direct and Rebuttal) and for Powerco in New Zealand. Copies of testimony and exhibits in these proceedings are attached as Attachment AG-13-1(LRK-1) through Attachment AG-13-1(LRK-5).

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
THIRTEENTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY
GENERAL
D. T. E. 05-27

Date: June 22, 2005

Responsible: Lawrence Kaufmann, Consultant (PBR)

AG-13-5 Referring to page 15 and 16 of Mr. Kaufmann's prefiled testimony, please provide a complete and detailed description of all of the differences between the Company's proposed Z - Factor in this case and that which was approved by the Department for Boston Gas Company in D.T.E. 03-40.

Response: There are no differences between Bay State's proposed Z factor and that approved by the Department for Boston Gas in D.T.E. 03-40.